Equity hike in foreign companies

515. SHRI SUBRAMANIAN SWAMY:
SHRI MOHD. KHALEELUR RAHMAN:
SHRI G. G. SWELL:
SHRI SARADA MOHANTY:
SHRI CHIMANBHAI MEHTA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that RBI has approved equity holding hikes in foreign companies at the cost of local industries by allowing heavy discount to parent foreign companies; if so; the reasons therefor;

(b) whether it is a fact that most of the hike approval are given in consumer sector; if so; what are the details thereof;

(c) whether it is a fact that CCI formula was given up while discount approval were cleared; and

(d) what is the difference in CCI formula and current approval formula?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) (a) to (d) The information is being collected and will be laid on the Table of the House.

Full convertibility of Rupee

516. SHRI MOHD. KHALEELUR RAHMAN:
SHRI G. G. SWELL:
SHRI CHIMANBHAI MEHTA:
SHRI SARADA MOHANTY:
SHRI N. GIRI PRASAD
SHRI CHATURANAN MISHRA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that he has declared that the Rupee would be fully convertible;

(b) if so; what are the fresh implications of conversion;

(c) whether this is for free float of the Rupee;

(d) what are the factor justifying impending full conversion of Rupee; and

(e) whether relevant factors are manageable including Export Import balance; repayment of principals and interests on foreign loans; controlling of inflation etc.; if so; the details of the perceptions?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) (a) No; Sir.

(b) and (c) Do not arise.

(d) and (e) It is the intention of the Government to move towards full convertibility of Rupee over the medium term depending on the circumstances. The timing of the transition to full convertibility of Rupee on Current and Capital Account would depend on achieving a number of desiderata such as a comfortable level of foreign exchange reserves; a sustainable deficit of Current Account stability in economic growth; a low rate of inflation; a manageable level of fiscal deficit; and removal of the remaining quantitative and other restrictions on trade and invisibles account.

Depending on the factors mentioned above; it is expected that Rupee would be made convertible initially